

Engagement Session :

Quality of Suspicious Transaction Report (STR)

- AML/CFT Requirements and Reporting Obligations

23 November 2022

Presentation Outline

01 | **AML/CFT Requirements**

02 | **Reporting Obligations**

Enhancement of Guidelines on AML/CFT & TFS for Key Reporting Institutions (KRIs)

GUIDELINES ON AML/CFT (issued in 2013)

Formulated in accordance with the provisions of :

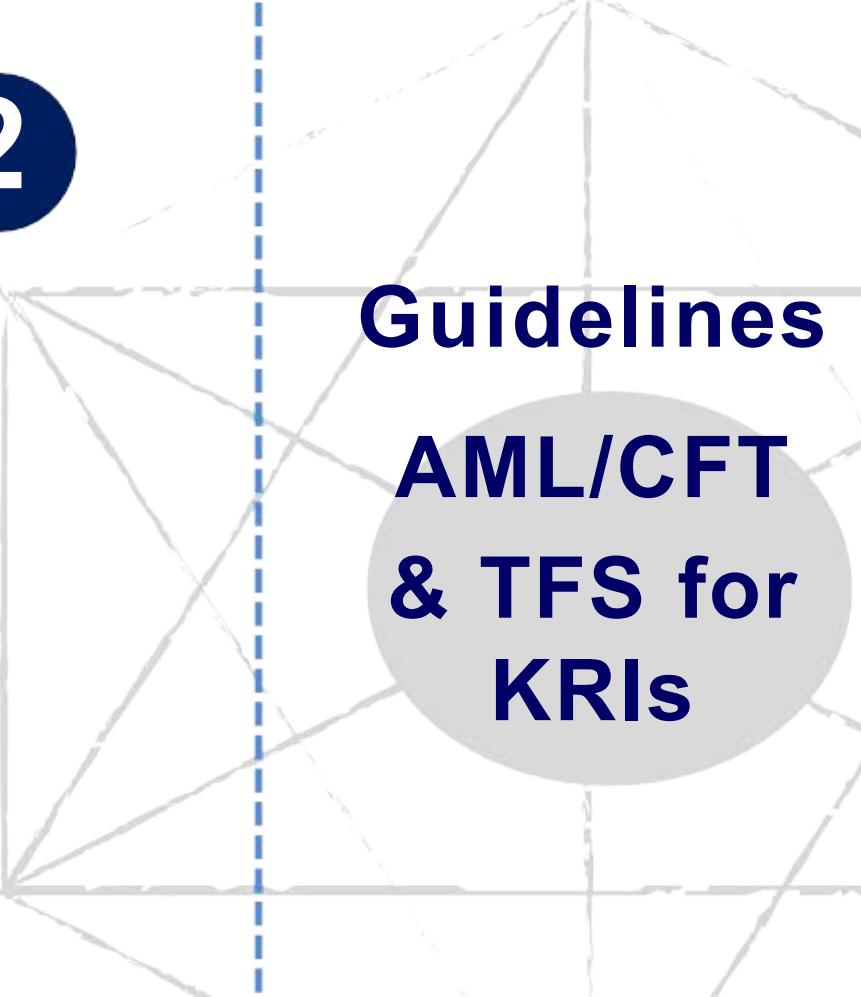
- AMLA 2001
- FATF 40

Recommendations issued in 2012

AML/CFT Sectoral Guidelines issued in 2013 comprising 4 Guidelines for different sectors.

1

- ❖ NRA – National Risk Assessment
- ❖ LRA – Labuan Risk Assessment



GUIDELINES ON AML/CFT AND TFS FOR KRIs (issued in 2022)

<https://www.labuanfsa.gov.my/amlcft/guidelines-directives-circulars>

3 Addresses key findings & recommendations of :

- 2015 - Mutual Evaluation Report by the FATF and APG
- 2020 - Findings of NRA and LRA

4 Consistent with the Guidelines on AML/CFT issued by BNM and SC to domestic Financial Institutions or Reporting Institutions.

5 Reflecting FATF's latest standards including virtual assets & virtual asset service providers.

6 Serves as a strengthened AML/CFT Framework comprising of :

- i. An omnibus Guidelines for Labuan Key Reporting Institutions; and
- ii. Guidelines on AML/CFT for Capital Market and Other Business sectors (Sector 4) for other Labuan Reporting Institutions.

1. AML/CFT REQUIREMENTS

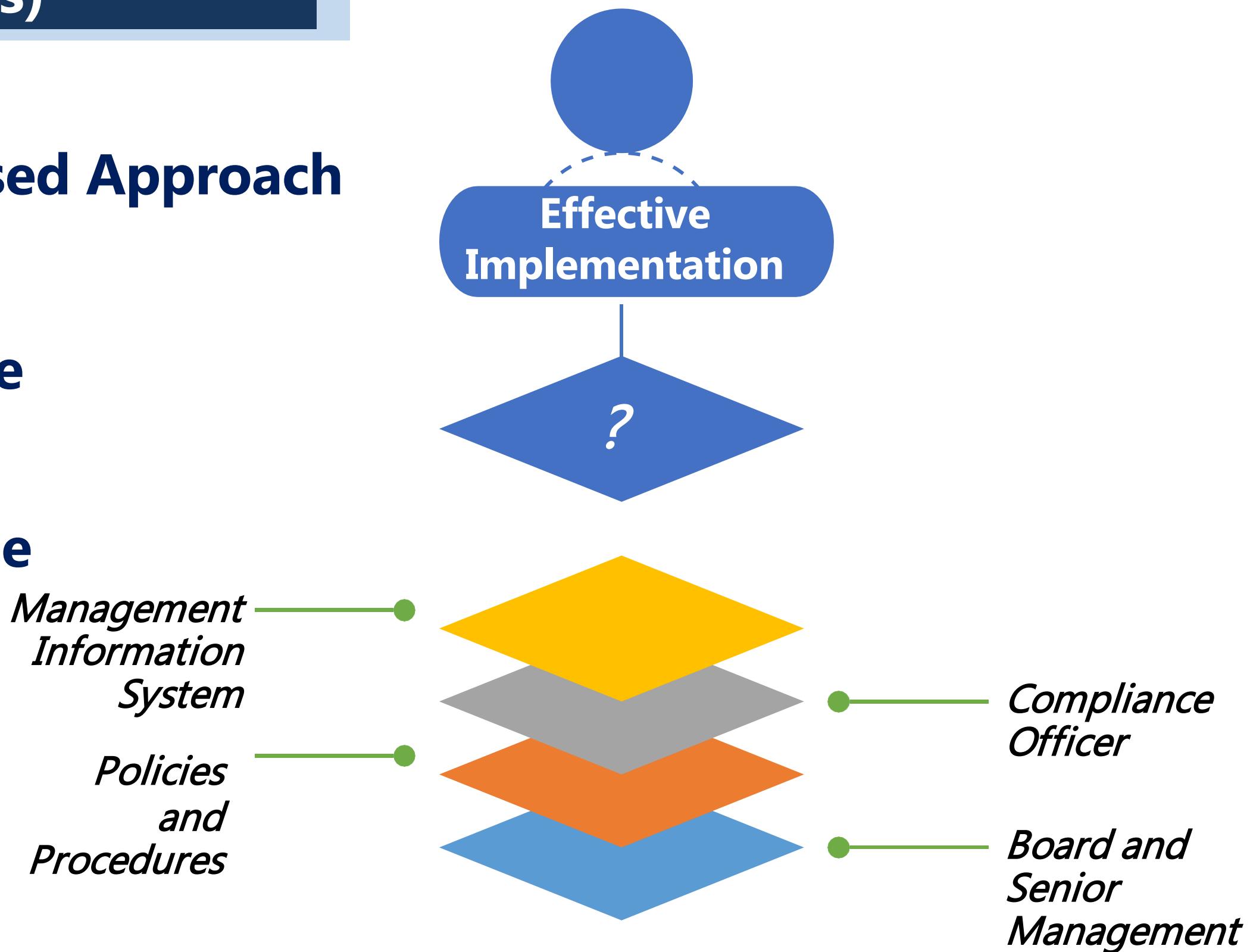
Guidelines on AML/CFT and TFS for Labuan Reporting Key Reporting Institutions (KRIs)

Application of Risk-Based Approach

Compliance Programme

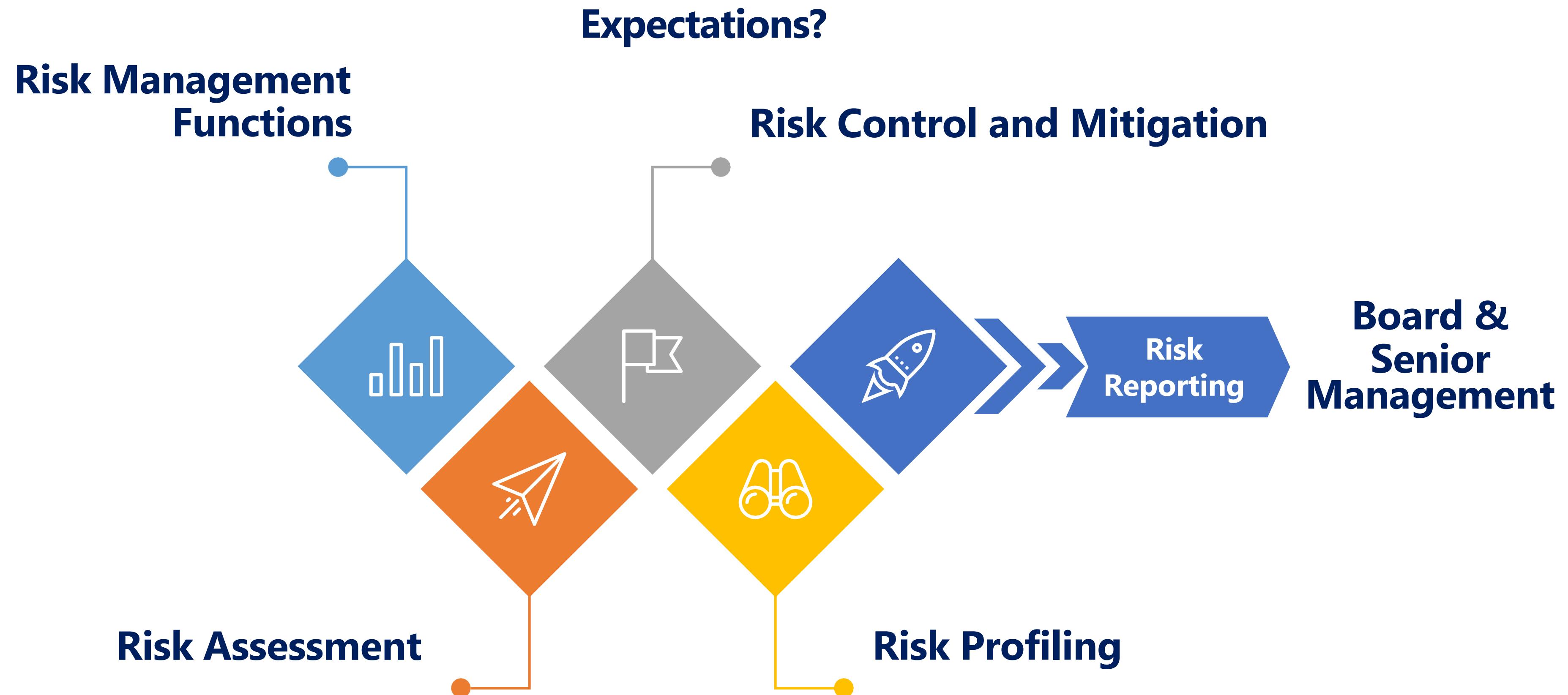
Customer Due-Diligence

Suspicious Transaction Report (STR)

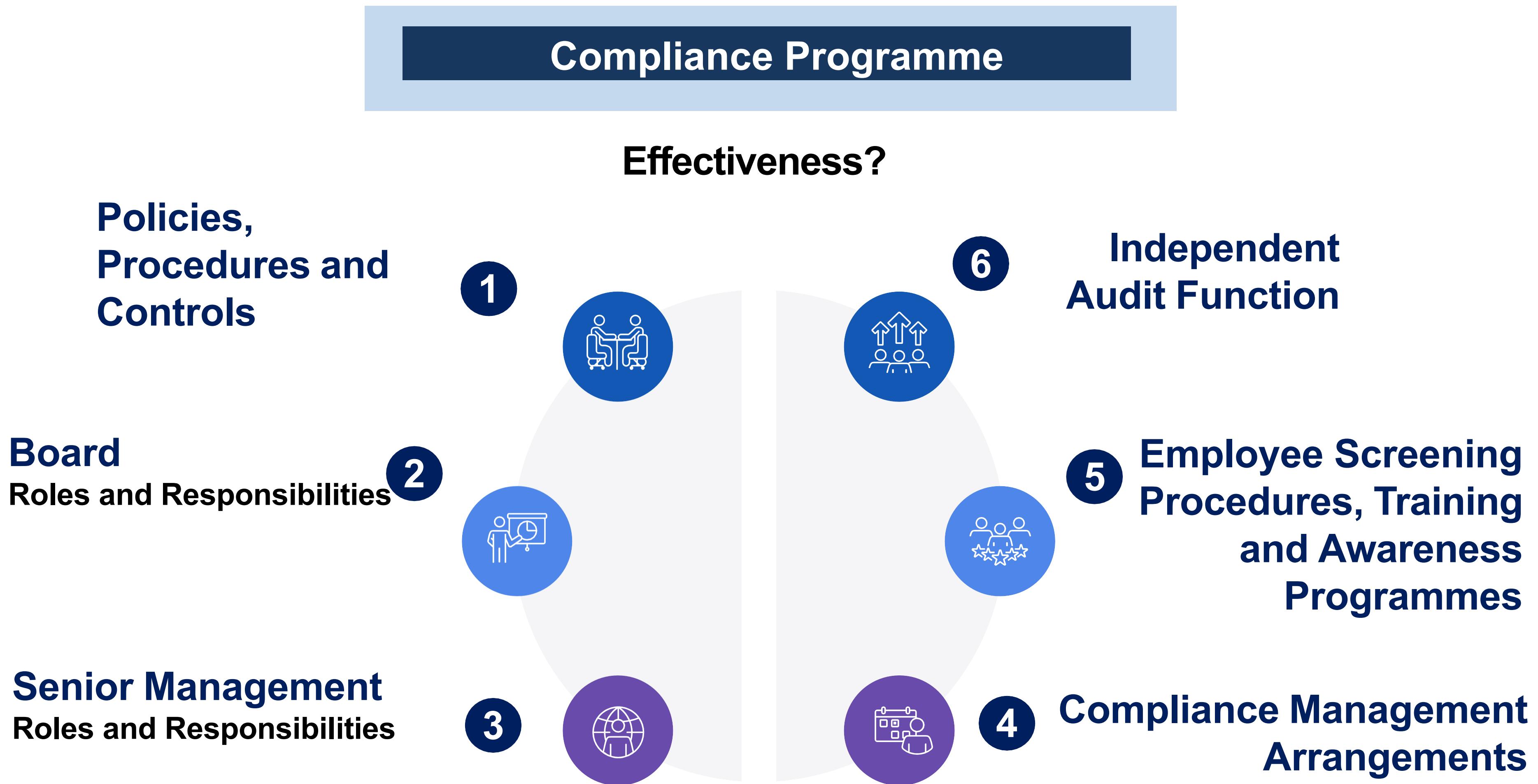


1. AML/CFT REQUIREMENTS

Application of Risk Based Approach



1. AML/CFT REQUIREMENTS

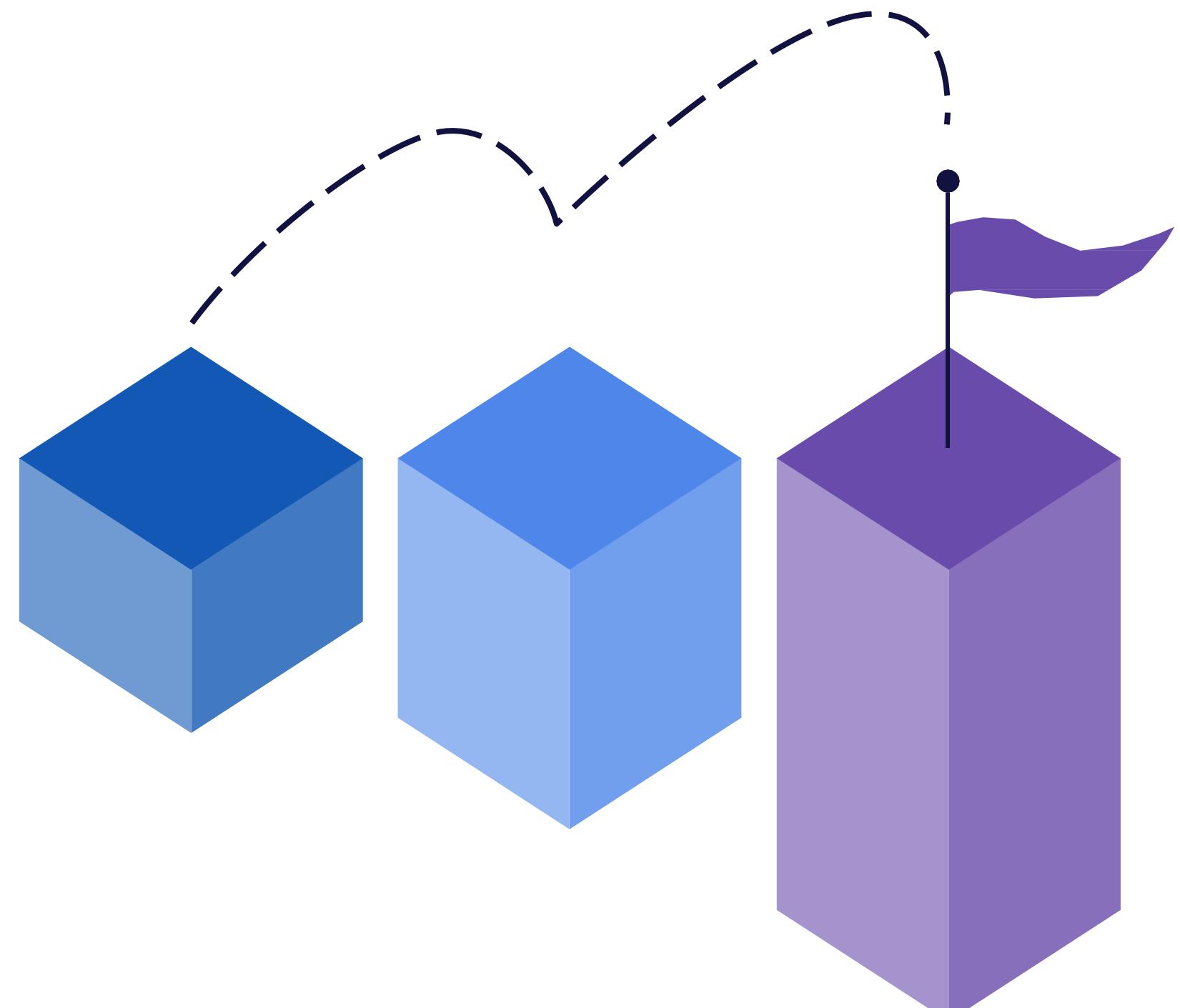


1. AML/CFT REQUIREMENTS

Customer Due Diligence (CDD)

- 1 Standard CDD
- 2 Specific CDD
- 3 Simplified CDD
- 4 Enhanced CDD
- 5 Ongoing Due Diligence

Next steps?



Failure to
Satisfactory
Complete
CDD

2. AML/CFT REQUIREMENTS - Reporting Obligations

What?

Suspicious transaction refers to any transaction (attempted or proposed), required to be reported if there is a ground of suspicion ...

When



- a) unusual
- b) illegal
- c) not commensurate with profile
- d) not commensurate with business activities
- e) involves in proceeds from an unlawful activity
- f) involves in money laundering or terrorism financing activities

Who



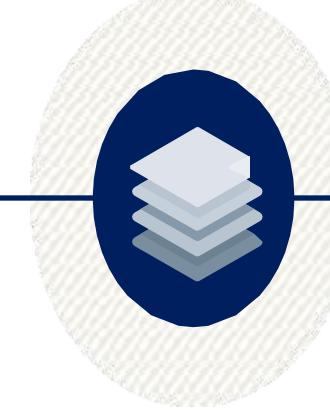
Rs –
*designated
compliance
officer (DCO)*

Where



Financial Intelligence
and Enforcement
Department (FIED) –
BNM

How



- a) Financial Intelligence System (FINS) – *have access to FINS*
- b) Physical copy to director of FIED, BNM or email to str@bnm.gov.my – *have not been granted access to FINS*
- c) Notification of submission to LFSA via email at aml@labuanfsa.gov.my

2. AML/CFT REQUIREMENTS - Reporting Obligations

Overview of Financial Intelligence System (FINS)

Web-based online system platform –
implemented in 2006 by BNM



Access granted to DCO - 2 IDs via application



To provide details :

i. Name

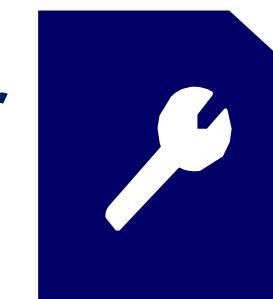
ii. Identification No.

iii. Designation

iv. E-mail Address and Contact No.

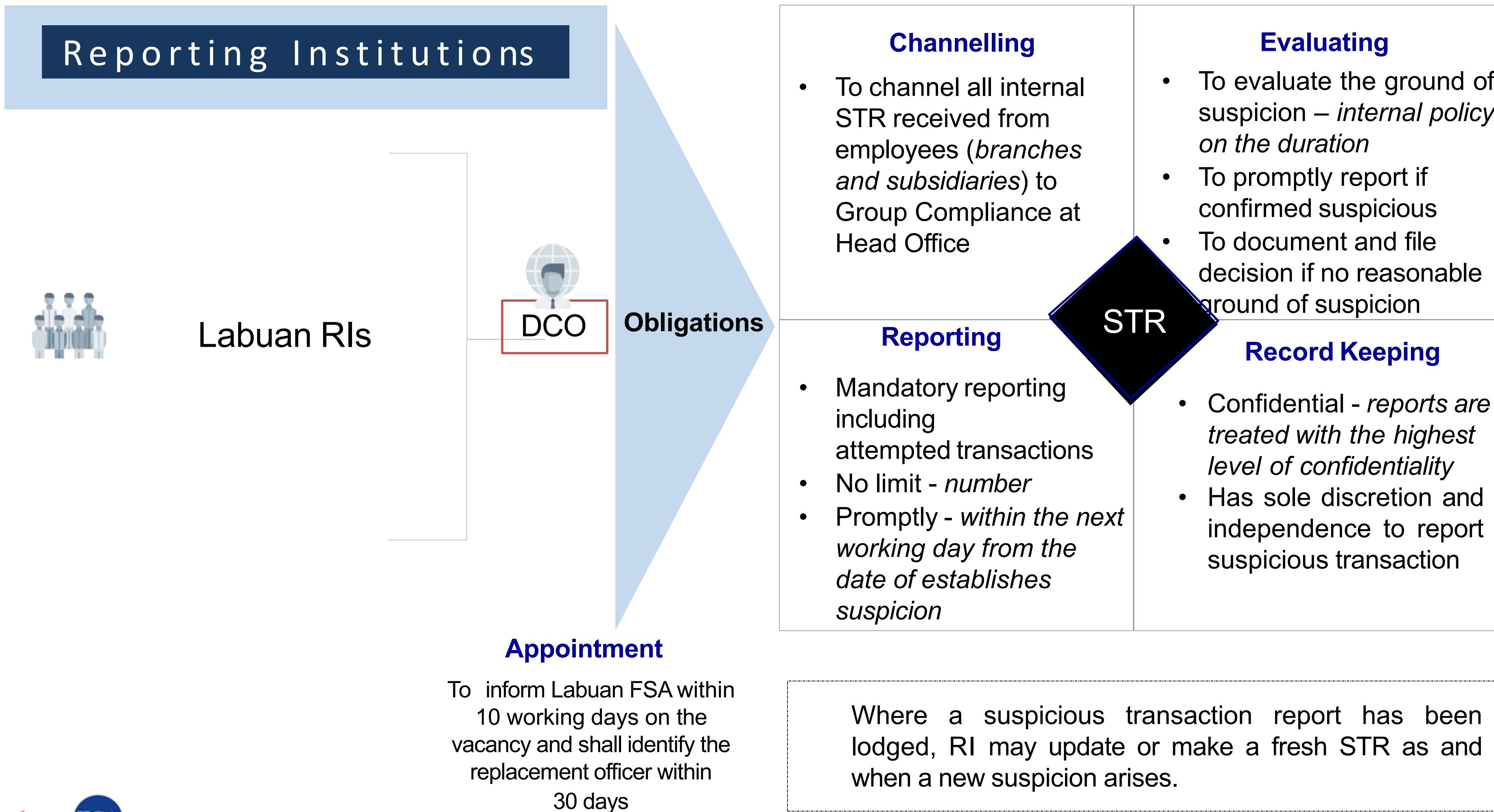
Administrator – Regulator

- i. Create ID*
- ii. Enable/Disable Access*



2. AML/CFT REQUIREMENTS - Reporting Obligations

Roles and Obligations of Reporting Institutions to lodge STR ... Designated Compliance Officer (DCO)



2. AML/CFT REQUIREMENTS - Reporting Obligations

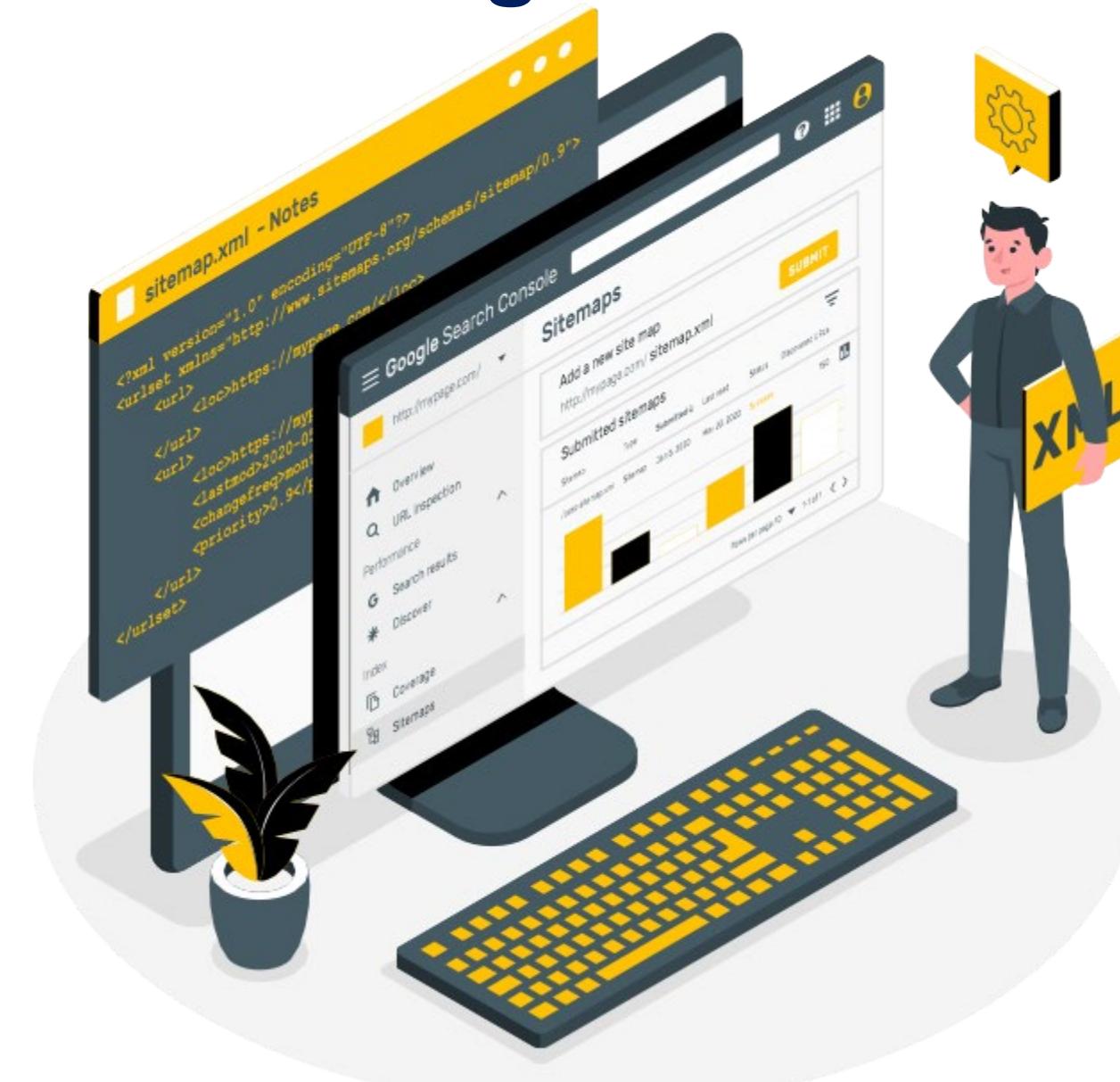
Suspicious Transaction Report

DCO or person who has knowledge of STR ...



Do's

- a) Preserve secrecy
- b) Promptly submit STR - DCO
- c) Continue to monitor the activities of the reported account or person – DCO



Don'ts

Tipping-off – except if the disclosure is made by a person:

- a) to exercise his function under AMLA
- b) to advise on the risks involved in dealing with the reported person
- c) to act in connection with the performance of his duties to the supervisory authority; or with the authorization of the competent authority

Section 14A of the AMLA prohibits against disclosure of reports and related information. Failing which a person may be subjected to a fine of not exceeding RM3 million or to imprisonment for a term not exceeding five year or to both.

THANK YOU

DISCLAIMER

This presentation should not be regarded as offering a complete explanation on AML/CFT and is subject to changes. Labuan FSA does not accept any responsibility for loss occasional to any person acting or refraining from action as a result of any material in this presentation.